

# **JEFFERSON, URIAN, DOANE & STERNER, P.A.**

## **WOODBRIIDGE SCHOOL DISTRICT**

### **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

**JUNE 30, 2007**

**FIELDWORK END DATE: NOVEMBER 29, 2007**

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

Dr. Kevin E. Carson  
Superintendent  
Woodbridge School District  
16359 Sussex Highway  
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The Honorable Valerie A. Woodruff  
Secretary, Department of Education  
Townsend Building, Suite 2  
401 Federal Street  
Dover, Delaware 19901

We have performed the procedures enumerated below, which were agreed to by Woodbridge School District; the Office of Auditor of Accounts; and the State of Delaware Department of Education, solely to assist the specified parties in evaluating the School District's compliance with criteria from the State of Delaware Fixed Asset Policy Manual, the State of Delaware Department of Education School Construction Technical Assistance Manual, the Delaware Code, and the State of Delaware Budget and Accounting Manual relative to the school construction projects administered by the School District for the year ended June 30, 2007. Woodbridge School District's management is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* (2003) issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Determine if the School District's policies and procedures for identifying, tracking, and recording capital assets are adequate.

There are no findings upon completion of Woodbridge School District's construction program and project checklists.

2. Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Upon completion of Woodbridge School District's construction program and project checklists, our procedures resulted in finding(s), see *Appendix A*.

3. Determine if expenditures are accurately stated and are made in accordance with the State Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the Local Board of Education.

During completion of Woodbridge School District's construction program and project checklists, our procedures resulted in finding(s), see *Appendix A*.

4. Determine whether the School District's construction project records and files include only active construction projects as of June 30, 2007. Ensure that completed projects have been appropriately closed out of construction and added to the State Fixed Asset system.

There are no findings upon completion of Woodbridge School District's construction program and project checklists.

5. Prepare the School District's Schedule of Construction Projects for Fiscal Year 2007.

See *Appendix C*.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Woodbridge School District management and Board Members, the Office of Auditor of Accounts, and the State of Delaware Department of Education, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Department of Finance, the State Treasurer's Office, and the Office of Auditor of Accounts.

*Jefferson, Urian, Doane & Sterner, P.A.*

Georgetown, Delaware  
November 29, 2007

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# SCHEDULE OF FINDINGS & RECOMMENDATIONS

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## APPENDIX A

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### ***Procedure Agreed Upon #2***

#### ***Finding 07-01:***

During completion of Woodbridge School District's construction program and project checklist for Troop 5 renovations, it was noted that the School District failed to timely submit a copy of the electronic AutoCAD file to the Department of Education within thirty (30) calendar days after completion of the renovations as required by the School Construction Technical Assistance Manual Section 2.0, Paragraph 5.4. This was an oversight by School District personnel. Noncompliance with State of Delaware provisions, including School Construction Technical Assistance Manual, could potentially cause a delay in receiving future State funding.

#### ***Recommendation:***

Woodbridge School District should adhere to policies and procedures already established for managing capital projects to ensure that the School District complies with State of Delaware guidelines.

#### ***School District's Response:***

*"The District was not aware that our professional architect, Robert C. Clendaniel (AIA R. Calvin Clendaniel Associate), did not submit the AutoCAD files to the Department of Education until our 2008 audit. The District will establish procedures to ensure that AutoCAD files are submitted within 30 days of completed construction for future projects."*

#### ***Finding 07-02***

During completion of Woodbridge School District's construction program and project checklist for Troop 5 renovations, it was noted that the School District failed to timely submit archival-quality copies of the architectural and engineering drawings with Delaware Public Archives in accordance with 29 Del. Code §507(b). Drawings are required to be submitted prior to Office of Management and Budget approval of final payment for any construction project. This was an oversight by the School District personnel. Noncompliance with State of Delaware provisions, including Delaware Code, could potentially cause a delay in receiving future State funding.

#### ***Recommendation:***

Woodbridge School District should adhere to policies and procedures already established for managing capital projects to ensure that the School District complies with State of Delaware guidelines.

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# SCHEDULE OF FINDINGS & RECOMMENDATIONS

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## APPENDIX A

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### ***Finding 07-02***

#### ***School District's Response:***

*"The District was not aware that our professional architect, Robert C. Clendaniel (AIA R. Calvin Clendaniel Associate), did not submit the archival-quality copies of the architectural and engineering drawings with Delaware Public Archives until our 2008 audit. The District will establish procedures to ensure that drawings are submitted prior to Office of Management and Budget approval of final payment for any future construction projects."*

#### ***Procedure Agreed Upon #3***

### ***Finding 07-03:***

During completion of Woodbridge School District's construction program and project checklist, it was noted that a payment voucher for A&B Electrical, Inc. was erroneously overpaid by \$ 505. State of Delaware *Budget and Accounting Policy Manual* Chapter VII.C.2 requires a payment voucher to agree to the vendor's invoice. This was an oversight by School District personnel; however, the payment was corrected in fiscal year 2008. Inadequate monitoring and reviewing of purchase orders and payment vouchers could result in fraud, errors and irregularities.

#### ***Recommendation:***

Woodbridge School District should follow procedures already established to ensure that payments to vendors are properly monitored and reviewed to avoid errors.

#### ***School District's Response:***

*"The District is in agreement with the recommendation."*

### ***Finding 07-04:***

During completion of Woodbridge School District's construction program and project checklist, it was noted that expenditures totaling \$ 343,890 relating to appropriation 7512 for the New Fields project were inappropriately coded to appropriation 7513 for Renovated Fields project. There were insufficient funds in appropriation 7513 for those expenditures, because \$ 461,500 should have been, but was not transferred from appropriation 7513 to 7512 in the Statement of Budgetary Activity and Account Balances to reflect the revised Certificate of Necessity #0535 A-C, dated December 22, 2005. The New Fields project expenditures are now understated by \$ 343,890 and the Renovated Fields project expenditures are overstated by that same amount.

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# SCHEDULE OF FINDINGS & RECOMMENDATIONS

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## APPENDIX A

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***Finding 07-04:***

***Recommendation:***

Woodbridge School District should transfer \$ 461,500 from appropriation 7513 to 7512 to reflect the revised Certificate of Necessity No. 0535 A-C, as cited in the prior year Finding 06-05. The School District should also correct the payment vouchers that were miscoded to appropriation 7513 totaling \$ 343,890.

***School District's Response:***

*"The money for the project has already been spent and is not available for transfer."*

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# SCHEDULE OF PRIOR YEAR FINDINGS

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## APPENDIX B

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The following schedule summarized the prior year findings and the status of the prior year findings.

<b>Prior Year Finding</b>	<b>Recommendation</b>	<b>Status of Prior Year Finding</b>
06-01 - During completion of Woodbridge School District's construction program and project checklist for Troop 5 renovations, it was noted that approval of construction plans, specifications, and cost estimates from Division of Facilities Management was not obtained prior to bid advertisements as required by 29 Del. C. §7419(a). This was due to oversight by School District personnel. Personnel were unable to determine if such approval was requested. Noncompliance with Delaware Code provisions could potentially cause a delay in receiving future State funding.	Procedures should be established by Woodbridge School District to ensure that proper approvals of construction plans, specifications, and cost estimates are obtained and that documentation is retained in accordance with the guidelines established by the State of Delaware.	To be implemented on future projects.
06-02 - During completion of Woodbridge School District's construction program and project checklist for Troop 5 renovations, it was noted that approval from the Architectural Accessibility Board of the construction project was not obtained as required by 29 Del. C., §7308(a) and Budget and Accounting Policy Manual XII.D.2. This was due to oversight by School District personnel. The School District was unable to determine if such approval was requested. Noncompliance with the State of Delaware	Procedures should be established by Woodbridge School District to ensure that proper approvals from the Architectural Accessibility Board are obtained in accordance with guidelines established by the State of Delaware.	To be implemented on future projects.



# SCHEDULE OF PRIOR YEAR FINDINGS

APPENDIX B

Prior Year Finding	Recommendation	Status of Prior Year Finding
06-02 - provisions, including the Delaware Code and Budget and Accounting Policy Manual, could potentially cause a delay in receiving future State funding.		
06-03 - During completion of Woodbridge School District's construction program and project checklist for Troop 5 renovations, it was noted that the School District had not obtained the deed to the building from the Delaware State Police (the former owner). School District personnel have made multiple attempts to obtain the deed for over a year; however, the situation is still unresolved. Woodbridge School District does not have legal ownership of the building until the transfer takes place.	Woodbridge School District should continue their efforts to expedite the title transfer of the deed from the Delaware State Police for the Troop 5 building.	<p>Partially implemented.</p> <p><b>School District's response 06/30/07:</b></p> <p><i>"The District has been working with Ted Nutter, Real Property Administrator Facilities Management State of Delaware, since 2004 regarding the transfer of the property. Documentation is on file showing correspondence and meetings with Mr. Nutter from as early as November 2005. The District met every request from Mr. Nutter in a timely fashion. The District would gladly continue any effort that would help expedite the title transfer of the deed from the State of Delaware."</i></p>
06-04 - During completion of the Woodbridge School District's construction program and project checklist, it was noted that School District personnel did not properly code one expenditure. The payment voucher 953907360 totaling \$ 3,315 for maintenance work related to the Woodbridge High School was incorrectly charged to	Woodbridge School District should reimburse appropriation 7410 \$ 3,315 for work related to Woodbridge High School. In addition, the School District's 2007 GAAP Package should reflect the correction for the "Adjustment to Beginning Balance" column on the "Summary of Construction Work in Progress (CWIP)."	Implemented.

# SCHEDULE OF PRIOR YEAR FINDINGS

APPENDIX B

Prior Year Finding	Recommendation	Status of Prior Year Finding
06-04 - appropriation 7410, Construct New Middle School. Therefore, the Middle School project's construction work in progress is overstated by \$ 3,315. The Certificate of Necessity authorized funding for the planning, constructing and equipping of a 500-pupil middle school addition to the Woodbridge Early Child Center. As required by 29 Del. C. §7415, the funds appropriated by an authorization act may be used only for the costs of the projects set forth in such act.		
06-05 - During completion of Woodbridge School District's construction program and project checklist for the renovated field project, it was noted that expenditures exceeded appropriations, which is in violation of 29 Del. C., §6519 and Budget and Accounting Policy Manual, VI.B.1(c). The original project appropriation for Renovation Fields was \$ 785,000. On December 22, 2005, a revised Certificate of Necessity was issued leaving \$ 323,500 for appropriation 7513. The project's expenditures totaled \$ 323,999 as of June 30, 2006, for an excess of expenditures over appropriations of \$ 499. School District personnel made a judgment error when calculating the excess funds available for transfer from the project and did	Woodbridge School District should reimburse appropriation 7513 \$ 499 for the excess expenditures. The School District should also correct the Cumulative YTD Statement of Budgetary Activity and Account Balances to reflect the revised Certificate of Necessity for appropriation 7513.	<p>Not implemented.</p> <p><b>School District's response 06/30/07:</b></p> <p><i>"The District is in agreement with the recommendation. In a letter date August 2, 2007 we requested through copy to the state budget office the transfer of \$499.00 from appropriation 7512 to 7513. The state budget office did not perform the transfer. We are again requesting to the budget office the transfer of \$499.00 to appropriation 7512 to 7513."</i></p>

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# SCHEDULE OF PRIOR YEAR FINDINGS

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APPENDIX B

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Prior Year Finding	Recommendation	Status of Prior Year Finding
06-05 - not detect the over-expenditure because the revised appropriation was not reflected on the Cumulative YTD Statement of Budget Activity and Account Balances for the year ended June 30, 2006.		

**Status Key:**

Implemented

The concern has been addressed by implementing the original or an alternate corrective action.

Not Implemented

The corrective action has not been initiated

Partially Implemented

The corrective action has been initiated but is not complete and the auditor has reason to believe management fully intends to address the concern.

# SCHEDULE OF CONSTRUCTION PROJECTS

APPENDIX C

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FY's	Total Project Expended to Date	Total Unspent as of 06/30/07
Construct New Middle School	2002	\$ 1,760,600	\$ -	\$ 1,760,600	\$ -	\$ 1,760,600	\$ 1,760,600	\$ -
	2003	9,293,200	-	9,293,200	-	9,293,200	9,293,200	-
	2004	1,600,000	(65,000)	1,535,000	18,265	1,516,735	1,535,000	-
New Fields	2005	2,958,000	211,500	3,169,500	1,520,043	1,103,776	2,623,819	545,681
Renovated Fields	2005	785,000	(461,500)	323,500	343,890	323,999	667,889	(344,389)
Renovated Troop 5	2005	338,000	250,000	588,000	144,922	443,078	588,000	-
<b>Totals</b>		\$ 16,734,800	\$ (65,000)	\$ 16,669,800	\$ 2,027,120	\$ 14,441,388	\$ 16,468,508	\$ 201,292

Note 1 - The questioned costs in Finding 06-04 of \$ 3,315 are included in prior year expenditures of \$ 1,516,735 Construct New Middle School.

Note 2 - The schedule above reflects the approved transfer of funds of \$ 461,500 from the Renovated Fields project to the New Athletic Fields project as discussed in Finding 06-05, although the funds transfer was not recorded on the School District's Cumulative YTD Statement of Budgetary Activity and Account Balances as of June 30, 2007.

Note 3 - The current year expenditure for the Renovated Fields project includes the miscoded costs of \$ 343,890 that were incurred for the New Fields project, as cited in Finding 07-04. The miscoded costs were not included in the New Fields project expenditures.

Note 4 - The Renovated Fields project included in the total project expended to date an excess of expenditures over appropriations of \$499, as cited in Finding 06-05.

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# DISTRIBUTION OF REPORT

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Copies of Woodbridge School District's Agreed-upon Procedures Attestation Engagement will be distributed by the Office of the Auditor of Accounts to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware  
The Honorable Richard S. Cordrey, Secretary, Department of Finance  
The Honorable Jennifer W. Davis, Director, Office of Management and Budget  
The Honorable Valerie A. Woodruff, Secretary, Department of Education  
Ms. Trisha Neely, Director, Division of Accounting  
Mr. R. Thomas Wagner, State Auditor, Office of the Auditor of Accounts

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph Biden, III, Attorney General, Office of the Attorney General  
The Honorable Jack Markell, Treasurer, State Treasurer's Office

Other

Ms. Dorcell S. Spence, Associate Secretary - Finance and Administrative Services Branch, Department of Education  
Dr. Kevin E. Carson, Superintendent, Woodbridge School District